

Message Text

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41

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PARIS FOR MR SEQUEIRA, CUSTOMS ATTACHE

E.O. 11652: N/A

TAGS: ETRD BE

SUBJECT: COUNTERVAILING DUTY INVESTIGATION - FLOAT GLASS

1. SUMMARY. IN BRUSSELS ON JUNE 5 TO DISCUSS U.S. FLOAT GLASS COUNTERVAILING DUTY COMPLAINT AGAINST BELGIAN FLOAT GLASS FIRMS, DEPUTY ASSISTANT SECRETARY SUCHMAN MET WITH DE DOBBELEER, BELGIAN MINISTRY OF FOREIGN AFFAIRS, AND CHARLIER, GENERAL INSPECTOR FOR ECONOMIC EXPANSION, BELGIAN MINISTRY OF ECONOMICS. DE DOBBELEER HAD BUYSE OF HIS STAFF IN HIS MEETING AND CHARLIER WAS JOINED BY SEVERAL EXPERTS FROM MINISTRY OF ECONOMICS STAFF AND BUYSE OF FOREIGN AFFAIRS. SECRETARY SUCHMAN PROVIDED DETAILED INFORMATION ON U.S. LEGISLATION ON COUNTERVAILING DUTIES, URGED BELGIAN GOVERNMENT IN OUR MUTUAL INTEREST TO BE RESPONSIVE TO U.S. REQUEST FOR SPECIFIC DATA ON EXPORT SUBSIDIES OR BOUNTIES, AND EXPLAINED ENFORCEMENT PROVISIONS OF U.S. LEGISLATION IN THIS LIMITED OFFICIAL USE

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AREA. BOTH DE DOBBELEER AND CHARLIER EMPHASIZED

DIFFICULTIES AND LIMITATIONS IN BELGIUM ON SUPPLYING INFORMATION REQUESTED BY U.S., EXPLAINED GENERAL PURPOSE AND NATURE OF BELGIAN REGIONAL AIDS, STRESSED THAT THESE AIDS WERE PART OF EC REGIONAL POLICY AND APPROVED BY EC. CHARLIER INDICATED SOME FLEXIBILITY IN RESPONDING TO U.S., BUT SAID COULD NOT PROVIDE SPECIFIC DATA REQUESTED IN U.S. QUESTIONNAIRE. PROMISED RESPONSE IN MORE GENERAL TERMS BY JUNE 13. END SUMMARY.

2. IN MEETING WITH DE DOBBELEER, SECRETARY SUCHMAN REVIEWED LIMITS IMPOSED BY AMENDED U.S. COUNTERVAILING DUTY LAW, NOTED JULY 4 DEADLINE, AND EXPLAINED U.S. PROCEDURES. EMPHASIZED THAT IT WAS TO BELGIUM'S ADVANTAGE TO SUBMIT BEST INFORMATION IN RESPONSE U.S. REQUEST FOR DATA ON ITS POLICIES AND PRACTICES IN THIS AREA, SINCE WITHOUT NEEDED FACTS FROM BELGIUM, U.S. WILL HAVE ONLY COMPLAINANT'S DATA ON WHICH TO BASE FINDING.

DE DOBBELEER INDICATED HIS UNDERSTANDING OF U.S. POSITION, BUT SAID BELGIUM HAS PROBLEMS WITH SUPPLYING DETAILED, SPECIFIC DATA REQUESTED. BELGIAN GOVERNMENT REGARDS MUCH OF DATA WE WANT AS CONFIDENTIAL AND DOES NOT EVEN TELL ITS OWN PARLIAMENT WHAT AIDS INDIVIDUAL FIRMS RECEIVE. THIS MAKES IT DIFFICULT TO PASS INFORMATION TO FOREIGN GOVERNMENTS. EXPLAINED REGIONAL ASSISTANCE GIVEN TO ASSIST DEPRESSED AREAS AND PURPOSE WAS NOT TO PROMOTE EXPORTS. DESPITE LIMITATIONS ON BELGIAN GOVERNMENT, DE DOBBELEER SAID HE HOPED CHARLIER AT ECON MINISTRY WOULD BE ABLE SUPPLY SOME INFORMATION. HE NOTED BELGIAN GOVERNMENT ALSO RESISTING DOMESTIC PRESSURES, PARTICULARLY FROM COTTON-TEXTILE INDUSTRY, FOR PROTECTION AGAINST U.S. IMPORTS AND SAID WHILE BELGIAN GOVERNMENT WOULD CONTINUE RESIST SUCH PRESSURES, CARE AND UNDERSTANDING NEEDED ON BOTH SIDES. HE CITED ROBINSON-SOAMES AGREEMENT FOR PRIOR CONSULTATION ON FLOAT GLASS BEFORE U.S. TAKES ACTION, REFERRED TO RENEWAL OF OECD TRADE PLEDGE, AND EUROPEAN DESIRE TO ADD INJURY PROVISION TO COUNTERVAILING STATUTES.

SUCHMAN REPLIED U.S. ALSO INTERESTED IN ADDING INJURY PROVISION TO COUNTERVAILING DUTIES LEGISLATION, BUT MUST ADMINISTER PRESENT LAW. BOTH DE DOBBELEER AND SUCHMAN AGREED INTERNATIONALLY APPROVED RULES ON SUBSIDIES MAY BE ANSWER. NOT OUR INTENTION, SUCHMAN EMPHASIZED, CHALLENGE REGIONAL ASSISTANCE PROGRAMS BUT MUST DETERMINE EFFECTS ON EXPORTS, IF ANY. EXPLAINED LIMITED OFFICIAL USE

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U.S. CAN TREAT DATA RECEIVED AS CONFIDENTIAL, IF REQUESTED, AND EXPLAINED WAIVER PROVISIONS.

3. AT MEETING WITH CHARLIER, SUCHMAN MADE SIMILAR PRESENTATION, PROVIDING MORE DETAILS ON U.S. LAW, ENFORCEMENT AND LEGAL SITUATION SURROUNDING FLOAT GLASS CASE.

CHARLIER SAID HE SAW THREE ISSUES: (1) GENERAL CLIMATE BETWEEN U.S. AND BELGIUM ON INVESTMENT, WHICH FOR

LONG TIME HAD BEEN FAVORABLE TO U.S. AS SMALL COUNTRY, BELGIUM WELCOMED U.S. CAPITAL, PROVIDED INCENTIVES, AND RESULT WAS LARGE AMOUNT OF U.S. INVESTMENT IN BELGIUM; (2) REGIONAL AIDS: SINCE 1959 BELGIUM HAD SPECIAL REGIONAL PROGRAMS TO PROVIDE INCENTIVES TO NEW INVESTMENT IN DEPRESSED AREAS, SIMILAR TO PROGRAMS IN U.S. IN BELGIUM, THESE PROGRAMS HAD SINCE 1970 BEEN APPROVED BY EC. INCENTIVES ARE ONLY ON PART OF INVESTMENT, PURPOSE IS NOT TO PROMOTE EXPORTS, AND INCENTIVES ARE LIMITED TO FIVE YEARS; (3) LOW LEVEL OF BELGIAN GLASS EXPORTS TO U.S.; IN 1974 AND 1975, CHARLIER SAID, ONLY APPROXIMATELY ONE PERCENT OF TOTAL BELGIAN GLASS EXPORTS WERE SENT TO U.S.

SUCHMAN EMPHASIZED THAT ADDITIONAL DATA, PARTICULARLY ON THIRD POINT, FROM BELGIUM WOULD BE HELPFUL. IF SUBSIDIES OR BOUNTIES HAD ONLY INCIDENTAL EFFECT ON INTERNATIONAL TRADE, THERE WOULD BE NO PROBLEM UNDER U.S. LEGISLATION.

CHARLIER STRESSED FACT THAT REGIONAL ASSISTANCE POLICIES ARE EC WIDE, THAT SEVERAL U.S. FIRMS LOCATED IN BELGIUM RECEIVING REGIONAL BENEFITS WERE EXPORTING TO U.S., AND THAT U.S. POLICIES VIOLATED SPIRIT OF GATT. SAID DETAILED DATA IN QUESTIONNAIRE SUBMITTED BY U.S. COULD NOT BE SUPPLIED UNDER BELGIAN ASSURANCES OF CONFIDENTIALITY TO ITS FIRMS SINCE WOULD REVEAL IMPORTANT INTERNAL DATA TO BELGIAN FIRMS COMPETING IN SAME MARKET. EXPRESSED CONCERN THAT ADDITIONAL COUNTERVAILING CASES IN OTHER INDUSTRIES - STEEL NEXT, FOR EXAMPLE - WERE LOOMING. THIS COULD KEEP BELGIAN GOVERNMENT FULLY OCCUPIED RESPONDING TO U.S. QUESTIONNAIRES. STRESSED BELGIUM COULD NOT PROVIDE EXACT PRODUCTION FIGURES, SINCE ONLY TWO FIRMS WERE INVOLVED, BUT MIGHT BE ABLE SUPPLY PERCENTAGES.

SUCHMAN SAID QUESTIONNAIRES INTENDED AS WORK SHEETS AND GUIDELINES. BELGIAN GOVERNMENT REPLIES DID NOT HAVE TO CONFORM EXACTLY TO QUESTIONS, BUT UNLESS REPLIES WERE LIMITED OFFICIAL USE

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SPECIFIC AND KEYED TO ALLEGATIONS IN U.S. INDUSTRY COMPLAINT, DATA WOULD NOT BE ADEQUATE TO DISPROVE MATERIAL IN COMPLAINT. URGED AS MUCH SPECIFICITY AS POSSIBLE RE EFFECT OF MEASURES ON INTERNATIONAL TRADE.

4. IN CONCLUSION, CHARLIER AGREED HE WOULD PROPOSE THAT MINISTER OF ECONOMICS DISCUSS RESPONSE TO U.S. REQUEST WITH MINISTRY OF FOREIGN AFFAIRS, BASED ON SUCHMAN-CHARLIER-DE DOBBELEER CONVERSATIONS. IT WAS CHARLIER'S VIEW THAT BY NEXT FRIDAY, IF MINISTRIES AGREE ON THIS COURSE OF ACTION, ADDITIONAL INFORMATION WOULD BE SUPPLIED TO U.S. EMBASSY. HE ADDED, RESPONSE WOULD BE IN FRENCH AND DATA WOULD NOT BE FULLY RESPONSIVE TO U.S. QUESTIONNAIRE.

5. COMMENT: PRESENTATION BY SECRETARY SUCHMAN APPEARS TO

HAVE IMPRESSED CHARLIER WITH SERIOUSNESS OF U.S. ACTION AND DESIRABILITY PROVIDING INFORMATION ON BELGIAN ASSISTANCE TO FLOAT GLASS FIRMS IN RESPONSE TO U.S. COMPLAINT. NEVERTHELESS, BELGIAN GOVERNMENT WILL CONTINUE TO BE CONSTRAINED FROM SUPPLYING SPECIFIC PRODUCTION DATA ON INDIVIDUAL FIRMS SO THAT DATA EVENTUALLY PROVIDED MAY BE MORE GENERAL IN NATURE. THERE APPEARS TO BE DIFFERENCE BETWEEN FOREIGN MINISTRY AND ECONOMICS MINISTRY ON HOW SPECIFIC BELGIAN REPLIES CAN BE AND ON FLEXIBILITY OF BELGIAN GOVERNMENT IN PROVIDING TYPE OF INFORMATION REQUESTED BY U.S. MINISTRY OF ECONOMICS MAY ALSO BE INCLINED, ESPECIALLY CHARLIER, TO TEMPORIZE FURTHER IN SUPPLYING SPECIFIC TRADE DATA, IN HOPES THAT BELGIUM CAN COME IN LATER WITH ADDITIONAL DATA BY FINAL DEADLINE OF JANUARY 4, 1976, IF PRELIMINARY FINDING UPHOLDS COUNTERVAILING COMPLAINT. FOREIGN MINISTRY WILL PRESS MIN OF ECONOMICS TO BE MORE FORTHCOMING, BUT SHARES MIN OF ECONOMICS CONCERN ABOUT RELEASING CONFIDENTIAL DATA ON INDIVIDUAL FIRMS. FIRESTONE

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